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Suzanne Henderson

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**NO SURFACE USE OIL AND GAS LEASE  
(Paid-Up Lease)**

This Oil and Gas Lease (this "Lease") is made on April 7, 2009, between Cityview Lake Property Owners Association, Inc., (hereafter called "Lessor," whether one or more), whose address is Attn: Lacrechia Stegemoller, P.O. Box 541057, Dallas, Texas, 75354 and XTO Energy Inc., (hereafter called "Lessee"), whose address is 810 Houston Street, Fort Worth, TX, 76102.

1. Grant. In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the following described land (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling under, and producing oil and gas, and other products capable of being produced from the Land through a well bore:

1.7151 acres of land, more or less, according to the Tarrant County Appraisal District, Lot 1, Block 100, Cityview, an addition to the City of Fort Worth, Tarrant County, Texas, as conveyed by Connell Red Oak, Ltd. to Cityview Lake Property Owners Association, Inc., as recorded in Volume 16534, Page 199, Deed Records, Tarrant County, Texas.

hydrocarbons of like grade and gravity prevailing on the day the oil and other hydrocarbons are run from the Lease in the general area in which the Land is located.

(2) To pay Lessor for gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas, or other gaseous substance produced from the land and sold at points of sale on or off the premises, the Royalty Fraction of the greater of the gross proceeds derived from such sale or the prevailing market value of said substances at the time of such sale.. .

(b) Lessor's royalty shall be free and clear of all costs and expenses whatsoever including expenses of separation, compression, marketing, transportation, treating or manufacturing oil or gas produced hereunder, save and except ad valorem and production taxes. Provided, however, Lessor's royalty shall be subject proportionately to any charges incurred by Lessee for compressing, treating, processing, gathering, transporting and marketing under Lessee's gas purchase contract with a nonaffiliated third party covering the sale of production from the lands included in this lease.

(c) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

## **6. Operations.**

(a) If, at the expiration of the Primary Term, oil or gas is not being produced from the Land, but Lessee has commenced operations for the drilling of a well on lands pooled with the Land, the Lease will not terminate but will remain in effect for so long thereafter as operations are carried out with no cessation of more than 90 consecutive days, and if the operations result in the production of oil or gas, the Lease shall remain in force as otherwise provided herein. For the purposes of this Lease, the term "operations" means operations for any of the following: preparation for and/or drilling, testing, completing, reworking, fracing, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain, maintain, re-establish or enhance production of oil or gas with no cessation of more than 90 consecutive days.

(b) If after the expiration of the primary term production from any well shall cease for any cause, Lessee shall have 90 days from the cessation of production to commence, and thereafter prosecute drilling or reworking operations in a good faith attempt to restore production from the Land or lands pooled therewith. If such operations result in production, this lease shall continue for so long as production in paying quantities continues or the lease is otherwise maintained in force.

(c) As a result of land development in the vicinity of the Land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this Lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing

surface location(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on the Land or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of the Land or off of lands with which Land is pooled in accordance with this Lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under the Land or lands pooled therewith, shall for purposes of this Lease be deemed operations conducted on the Land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this Lease, except as expressly stated.

7. Surface Use. Lessee is prohibited from using the surface of the Land for any purpose, but Lessee may engage in directional drilling activities beneath the Land that are conducted on the surface of other land. Any directional drilling must penetrate the Land sufficiently below the surface as to not interfere with the present or future use of the surface of the Land for commercial or residential use, and in no event may the directional drilling penetrate the Land less than 200 feet below the surface. A directional well drilled under this provision shall be considered to be located on the Land.

8. Shut-in Royalty. At any time after the primary term, while there is a gas well on this Lease or on acreage pooled therewith capable of producing gas in paying quantities, but gas is not being sold, and this lease is not otherwise being maintained in full force and effect, Lessee shall pay or tender, as royalty, in advance an annual shut-in royalty of an amount equal to \$150.00 per acre covered by this Lease. Payment with respect to a well will be due within 90 days after (a) the well is shut-in or (b) the end of the Primary Term, whichever is the later date. All subsequent Shut-In Royalty payments will be due on or before the anniversary date of the date of the first Shut-In Royalty

payment. While shut-in royalty payments are timely and properly paid, this Lease will be deemed to be held as a producing lease. The obligation of Lessee to pay shut-in royalty is a condition. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date. Notwithstanding anything to the contrary herein, this Lease shall not be maintained for a period in excess of two (2) consecutive years by the payment of shut-in royalty after the Primary Term. After such two year period this lease shall terminate if actual production is not established from the Land or lands pooled therewith.

9. Pooling. Lessee shall pool all of the said Land with other land or leases in the vicinity thereof, into one pooled unit for the production of oil and gas or either of them. Units pooled for oil shall not exceed 40 acres, plus a tolerance of 10%, and units for gas shall not exceed 320 acres, plus a tolerance of 10% whether the well(s) drilled are vertical or horizontal well(s) as governed by Railroad Commission of Texas Statewide Rule 86. Any changes to the Lessee's right to pool herein must be approved in writing by Lessor. The unit will become effective when Lessee files in the Real Property Records of the county where the Land is located a document describing the pooled acreage and depths for the pooled unit. Lessee shall file the said document prior to the first production from the well(s) from the corresponding pooled unit. Lessee will deliver a copy of the document creating the unit to Lessor within 30 days upon its recording to the Lessor's mailing address listed in this Lease.

Lessee may at its election exercise its pooling option before or after commencing operations. Operations for drilling on or production of oil or gas from any part of a pooled unit that includes land covered by this Lease shall be considered as operations on or production of oil or gas from the portion of the Land included in the pooled unit.

There shall be allocated to the Land included in the unit that prorated portion of the oil and gas, or either of them, gas produced from the pooled unit that the number of

surface acres of the Land included in the unit bears to the total number of surface acres included in the unit. Royalties shall be computed on the portion of production allocated to the Land.

10. Force Majeure. Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Land, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Land; and the time while Lessee is so prevented will not be counted against Lessee. "Force Majeure" means any Act of God, any federal or state law, scarcity of drilling rigs or other equipment, inability to obtain a drilling permit, any rule or regulation of governmental authority, or other similar cause (other than financial reasons).

11. Warranties. Lessor warrants title to the Land by, through and under Lessor, but not otherwise. If Lessor owns an interest in the Land less than the fee simple estate, then the royalties payable hereunder will be reduced proportionately. All royalty interest covered by this lease, whether or not owned by Lessor, shall be paid out of the royalty herein provided. Lessor's rights and interests hereunder shall be charged with any mortgages, taxes or other liens or interests against the Land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and Lessee shall be subrogated to the rights of the holder thereof and authorized to deduct all amounts so paid from royalties or other payments which may become payable to Lessor and/or its successors and assigns under this Lease.

12. Notices. All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown above. Either party may designate a new address by proper notice to the other party.

13. Insurance. At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor and related individuals and entities designated by Lessor as additional insureds. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and surface remediation. The coverage shall be in the minimum amount of \$5,000,000.

14. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR NUISANCE, FOR INJURY TO OR DEATH OF PERSONS, AND FOR LOSS OR DAMAGE TO PROPERTY, OR ANY OF THEM, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY OR RESULTING FROM LESSEE'S OPERATIONS OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS.

**LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.**

**15. Dispute Resolution.** In the event of a dispute under this Lease, the parties agree to attempt to resolve the dispute through good faith mediation to be held in Tarrant County, Texas.

**16. Miscellaneous Provisions.**

(a) In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

(b) Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

(c) Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations.

(d) The terms "production" and "producing" mean production and producing in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will




not alter any provision of this Lease unless the intent to do so is expressly stated in the document.

(e) This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

Executed on the date first written above.

LESSOR:

Cityview Lake Property Owners Association,  
Inc.

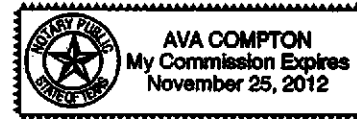
  
Name: Harry James Norton  
Title: President

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on the 13<sup>th</sup> day of April, 2009, by Harry James Norton, President of Cityview Lake Property Owners Association, Inc.

Ava Compton  
Notary Public, State of Texas



LESSEE:

ASSIGNEE:

XTO ENERGY INC.

By: Edwin S. Ryan, Jr. *msd*  
Edwin S. Ryan, Jr.  
Sr. Vice President – Land Administration

STATE OF TEXAS           §  
                                     §  
COUNTY OF TARRANT   §

The foregoing instrument was acknowledged before me on the 15<sup>th</sup> day of May, 2009, by Edwin S. Ryan, Jr., Sr. Vice President - Land Administration of XTO Energy Inc., a Delaware corporation, on behalf of said corporation.



Dorinda C West  
Notary Public, State of Texas